HOUSE OF COMMONS
CHAMBRE DES COMMUNES
CANADA

Standing Committee on Transport, Infrastructure and Communities

TRAN • NUMBER 112 • 1st SESSION • 42nd PARLIAMENT

EVIDENCE

Thursday, October 4, 2018

Chair

The Honourable Judy A. Sgro

Standing Committee on Transport, Infrastructure and Communities

Thursday, October 4, 2018

● (0845)

[English]

The Chair (Hon. Judy A. Sgro (Humber River—Black Creek, Lib.)): I am calling to order the meeting of the Standing Committee on Transport, Infrastructure and Communities. Pursuant to Standing Order 108(2), we are doing a study of the Canadian transportation and logistics strategy.

With us as witnesses today we have the Saskatchewan Association of Rural Municipalities, with Ray Orb, president; and the Shipping Federation of Canada, with Michael Broad, president, and Karen Kancens, vice-president.

Welcome, and thank you very much for being here so early this morning.

We will open it up with five minutes exactly. When I raise my hand, we're going to cut you off. The members always have lots of questions, and we want to give them sufficient time.

Mr. Orb, would you like to start?

Mr. Ray Orb (President, Saskatchewan Association of Rural Municipalities): Yes, I will. Thank you.

First of all, I'd like to thank the committee for allowing me to appear this morning. My name is Ray Orb, and I am the president of the Saskatchewan Association of Rural Municipalities, which is known as SARM. We were incorporated in 1905 and have been the voice of agriculture and rural Saskatchewan for over 100 years. We work on behalf of our members to identify solutions and challenges in rural Saskatchewan.

As an association, we are mandated to work in agriculture, which is an important sector in our province. Saskatchewan is a key producer of Canada's wheat, oats, flaxseed and barley, and we are proud to be home to many farms, cattle ranches and dairy operations.

Our agriculture industry relies on the ability to move product efficiently and cost-effectively. An adequate and efficient transportation system is imperative for producers to move their product across the province and across the country.

Saskatchewan, Canada and North America rely on the rural municipal primary weight infrastructure in Saskatchewan to connect to the provincial network to move goods and services in a reliable, timely and safe manner. Our province boasts the largest provincial road network in Canada. Provincial highways contribute 26,000 kilometres, while rural municipal roadways contribute 162,000 kilometres.

The Saskatchewan Ministry of Highways provides funding to SARM to manage a primary weight network grant-funding program for rural municipalities to maintain rural roads at a primary weight. These primary weight corridors enable the seamless transportation of goods and services throughout the province and the country, while protecting the aging provincial system. The program has proven to be very successful, as there are currently 6,500 kilometres of "clearing the path" primary weight corridors in the province.

We also rely on the rail system to ship grain and agricultural products, and SARM has been really vocal about the rail level of service since 2009.

More recently, we provided comments on Bill C-49. We supported the bill, as it provides legislation for increased data reporting. More data means that producers in the supply chain can make better decisions that are based on good information. We also believe that the federal railways should be required to produce plans that detail how they'll deal with demands resulting from the upcoming crop year.

We're pleased to see reciprocal penalties and the provision for informal dispute resolution services included in Bill C-49. It's important that disputes be resolved quickly so that producers aren't faced with additional penalties or delays.

It is also important that the Transportation Modernization Act and related regulations ensure that the Canadian Transportation Agency and Transport Canada have adequate mechanisms to keep railways accountable. SARM believes that the federal government needs the ability to act if it deems a railway's grain plan to be insufficient. Without adequate enforcement options, Bill C-49 would not bring about meaningful change.

Although rail transportation has primarily been an issue for grain producers in western Canada, the increase of oil by rail causes additional concerns. Thousands of barrels of oil on the track not only cause capacity issues for grain but also pose a threat to the environment.

Pipelines are an environmentally favourable alternative to road and rail transportation and should be used where possible to reduce the risks associated with moving dangerous goods by rail. Pipeline development will also take oil cars off the rail tracks and free up cars for the movement of grain.

My last comment is related to the important role that ports play in our rural economies. Since the port of Churchill stopped operations in 2016, SARM has been closely monitoring the situation and advocating for a solution. The port provided an important export point for producers, and its restoration would help move the grain backlog in the Prairies.

Last year, SARM had the opportunity to meet with officials from the port of Vancouver. We have seen first-hand some of the logistical issues and how the port authority hopes to bring about further efficiencies.

The rural landscape has changed over the course of the last century. Demands on infrastructure have increased and will continue to increase. The report "How to Feed the World in 2050" indicates that by that time the world's population will reach 9.1 billion. Food production must increase by 70%. Annual cereal production will need to reach three billion tonnes, and annual meat production will need to increase by over 200 million tonnes. It is imperative that we have a transportation system that enables producers in rural Saskatchewan to do their part in feeding the world.

● (0850)

On behalf of Saskatchewan's rural municipalities, I would like to thank the committee for the opportunity to lend our voice to this important conversation.

The Chair: Thank you very much.

Mr. Broad, go ahead.

Mr. Michael Broad (President, Shipping Federation of Canada): Thank you, Madam Chair and committee members, for seeing us today.

Karen and I are here on behalf of the Shipping Federation of Canada, which was established by an act of Parliament in 1903. We are the trade association representing the owners, operators and agents of the ocean ships that carry Canada's imports and exports to and from world markets, including some of Ray's grain.

The ships represented by our members load and discharge cargo at ports across the country and are literally the carriers of Canada's world trade. We were following the meetings the committee held last week in St. Catharines and Vancouver, and we're very interested in hearing the views of our trade chain partners on how to modernize Canada's trade corridors from a regional point of view.

For our part, we'd like to address this issue from a national perspective and focus on a handful of key actions and priorities that we believe will increase the efficiency of vessel operations in Canadian waters for the ultimate benefit of the transportation system as a whole.

One of our priorities for optimizing vessel operations is to invest in modernizing Canada's marine communications and traffic services, or MCTS, which is the Coast Guard-led system that monitors vessel traffic movements in Canadian waters.

We believe that a real opportunity exists to transform this system from what is currently a conduit of information that acts much like a telephone operator into a truly dynamic tool that is able to gather, analyze and broadcast real-time navigational information, not only to the bridge management team on the ship, but also to the shoreside infrastructure, such as ports and terminals. Modernizing the MCTS system would lead to a more holistic approach to managing marine transportation in Canadian waters, with the benefits extending to all our trade corridors on a national basis.

Another element of the marine transportation system that is critical to several of Canada's key corridors is the availability of icebreaking capacity to support safe and efficient transportation during our long and challenging winters, particularly on the northeast coast of Newfoundland, in the St. Lawrence River and the Great Lakes, and, of course, the Canadian Arctic.

Despite its importance, the icebreaking fleet has shrunk significantly over the years and is currently made up of over-age vessels, which are very thinly spread over a vast expanse of water. Although the government has announced some measures to address this situation, including the acquisition of three used icebreakers, we need a concrete plan for renewing the fleet in the long term, which is essential if Canada is to have sufficient icebreaking capacity to meet future demand for safe and efficient marine transportation.

No discussion on optimizing the efficiency of vessel operations in Canadian waters would be complete without talking about pilotage and the ongoing review of Canada's pilotage system. Although there is no question that the Pilotage Act has served as an excellent tool for ensuring safe navigation in Canadian waters, it is our view that the pilotage system is unable to control costs or consistently provide users with the level of service they require in a highly competitive marine transportation environment.

We believe that the recommendations arising from the pilotage review provide a much-needed opportunity to amend and modernize the act, and we urge the members of this committee to communicate the need for such renewal to their fellow parliamentarians.

Finally, we'd like to draw the committee's attention to the marine single window initiative, in which all the information required by Canadian authorities, and CBSA in particular, related to the arrival and the departure of ships in Canadian waters could be submitted electronically through a single portal without duplication. This concept offers tremendous potential to expedite the flow of trade by managing the marine border in a way that eliminates paper processes, minimizes redundancy and reduces the possibility of error and delay with respect to cargo and vessel reporting. A number of countries, including those in the EU, are already in various stages of implementing this concept on a national basis, and we strongly urge Canada to take the necessary steps to ensure that our processes are aligned with those of our international partners.

Although we've tried to be as focused and concrete as possible in our presentation to committee, I'd like to take this opportunity to provide a few comments from a broader policy perspective.

Given that a key role of our transportation and logistics system is to serve the needs of Canada's importers and exporters, it is essential that the government have a vision or a strategy for developing Canada's trade corridors that is national in perspective and closely tied to the broader trade agenda. Such a strategy needs to support the transportation system's ability to efficiently serve all the new markets that have been or will be negotiated as part of Canada's trade diversification agenda, whether through the revised CPTPP, the recent CETA, or the ongoing Mercosur negotiations. Such a strategy also needs to align all the departments and agencies that interact with the carriage of international trade so that supply chain efficiency becomes an integral element of how they operate.

● (0855)

Thank you to the committee for your attention. I look forward to answering any questions you may have.

The Chair: Thank you very much.

We'll go on to Ms. Block.

Mrs. Kelly Block (Carlton Trail—Eagle Creek, CPC): Thank you very much, Madam Chair. I apologize for arriving a couple of minutes late.

Mr. Orb, you have presented to this committee on a number of occasions. I appreciated the opportunity to meet with you and some of your colleagues who are here representing SARM. I'm going to direct my questions to you. It should come as no surprise, since I am from Saskatchewan.

Given the fact that we have experienced a wet and cool fall, I want to hear whether you have heard that this year's harvest is forecast to be lower in tonnes than in recent years.

Mr. Ray Orb: I can't speak on behalf of the shipping industry, but only on behalf of producers. In the meetings that we've had with the shippers, they were forecasting a normal-sized crop, I think, within the five-year average, with good quality.

However, at least one third of the crop is still out in Saskatchewan. In Alberta, I believe there's even more than that. We're looking at a lot of crop downgrading. We are a bit concerned about the railroads being able to move this grain, because now we have different grades and different quality issues facing us.

Mrs. Kelly Block: Do you think this shipping year would be a good benchmark to assess whether the changes to the Canada Transportation Act in Bill C-49 will have a meaningful impact for farmers and shippers?

Mr. Ray Orb: We are certainly hoping that's the case. I can tell you that since Bill C-49 was passed, the two major carriers, CN Rail and CP Rail, have been a lot more apt to sit down with organizations like ours. In fact, I'm scheduled to have a meeting with CP Rail next week in Saskatoon.

They have come forward with their plans. They've also come forward now with their winter plans, which obviously we're facing. I think they are being scrutinized a lot more. This year might actually put them to the test. Although it might not be the volume, we have other issues to deal with right off the bat, including the weather.

Thank you.

Mrs. Kelly Block: I know the Saskatchewan government has opposed the Liberals' carbon tax quite vehemently. I'm wondering if you would be willing to share your association's view of the carbon tax as it relates to transportation.

Mr. Ray Orb: Of course, it's no secret that we've been supporting the Province of Saskatchewan in fighting against any kind of federally imposed carbon tax. That's basically because we believe that the province has come up with its own action plan to mitigate greenhouse gas emissions, and we support that action plan.

We're concerned. We have contacted the railroads and asked them about the carbon tax. They informed us that there will be a tax on diesel fuel in particular. We're also concerned, obviously, that the cost will be passed on to farmers in the way of freight trade increases. It's a huge concern.

● (0900)

Mrs. Kelly Block: When we did a study of the Navigation Protection Act, or the Canadian Navigable Waters Act, you provided testimony. Here we are again.

The minister's mandate letter asked him to reverse all of the changes that were made back in 2012-13. I'm wondering if you would also comment on Bill C-69. What are some of the greatest concerns you have in regard to infrastructure and transportation being impacted as a result of reversing those changes?

Mr. Ray Orb: Of course, we have opposed the amendments, the changes to the legislation. Actually, both Bill C-68 and Bill C-69 affect fisheries and navigable waters. We feel that the changes are actually going to impede what municipalities need to do as far as work is concerned. The projects will be delayed. We have a lot of examples that we showed to the committee of how that would add costs and time delays. We've relayed those concerns. We understand that now the Senate will be looking at that bill. We're actually hoping there will be some amendments to that to make it easier for municipalities, not only in Saskatchewan but across the country, to do their work while still protecting the environment.

Mrs. Kelly Block: What I would finish with is to ask you to give us your thoughts on what steps could be taken to ensure that rural communities share in the benefits of increased traffic through Canada's major trade corridors.

Mr. Ray Orb: With regard to how they could share in the benefit, I think some of it is working with the municipalities, as well as the major carriers.

I know that through FCM, the Federation of Canadian Municipalities, there is a good relationship between the carriers and the municipalities, in that they, of course, need to observe rail safety. Mr. Rogers would be familiar with that because he was on the board of directors for some time.

I know that some of the municipalities in the urban centres across the country are concerned about the increased traffic, but at the same time I think that the railroads know they need to work together to solve some of the issues.

Mrs. Kelly Block: Thank you very much.

The Chair: Mr. Hardie, go ahead.

Mr. Ken Hardie (Fleetwood—Port Kells, Lib.): Thank you, Madam Chair.

Welcome back, Mr. Orb. It's good to see you again.

Where do you make your home, Mr. Broad? Where are your offices?

Mr. Michael Broad: I'm in Montreal. We have offices in Montreal and Vancouver.

Mr. Ken Hardie: Last week, we were on the road looking at trade corridors in the Niagara region, as well as on the west coast.

I'm wondering—and I'll ask both of you as customers of the system—what level of confidence you have that there is an overriding strategic view of what our trade corridors in their totality need to be providing.

Mr. Michael Broad: I think there needs to be a more defined strategy for the trade corridors. I don't know of any....

Karen, is there any—

Ms. Karen Kancens (Vice-President, Shipping Federation of Canada): As far as we know, we have the national trade corridors fund. We saw the first round of funding applications, and there were Transport Canada criteria for fulfilling those applications. However, we really don't see an overriding strategy. We need something national in basis that also has a regional lens.

How do you find the right balance between investments and decisions that have to be made in response to regional needs and capacity constraints, and the need to make investments and decisions that have benefits across all trade corridors, for the good of the greater whole?

We need a strategy that has a clear linkage to Canada's overall trade policy. We don't see enough of that. I think we need to try to get more alignment between the efforts of the government to diversify trade and identify new trading partners, and the ability of the relevant Canadian trade corridor to efficiently carry that increased cargo. We need those kinds of discussions.

● (0905)

Mr. Ken Hardie: I'd like to pose the same question to you, Ray.

Sitting there on the Prairies and dealing with your constituencies, what's your level of confidence that—I'll be very colloquial about it—the metro Vancouver leg of the trade corridor has its act together?

Mr. Ray Orb: That's one of the reasons we went out last July. We were invited by the Vancouver port authority to tour the terminals and the facilities there. We went on the water to see a lot of the facilities, and we saw some of the problems they were going through.

Organizations like ours have been calling for a national transportation strategy that would take in all facets of transportation, including rail. Some of that, of course, is passenger service, and some of that is bus service. There are lots of people in the rural areas who don't have good bus service. A good example of that is what happened this past summer with the Greyhound buses. That's been discussed by a lot of the municipal organizations across the country.

We need to have a better strategy. We're increasing the trade. I mentioned the production on the Prairies alone. We're forcing the crops, which are increasing in size, through the same transportation corridors in this country. We need to adapt pretty quickly.

With the Port of Vancouver and the federal government investing $167 million, that's probably a good start. However, when you look at the strategy.... I have never seen a number, but I would suspect that it needs to be in the billions.

Mr. Ken Hardie: In that regard, certainly in the testimony last week during the first two stops on our study, we heard that all the component parts—the railways, the ports and the local road systems—seem to be working as hard as they can to maximize their capacity or to do what they need to do. We didn't get the sense that there was somebody or some body overlooking the whole thing as a network and determining whether things were properly balanced and whether the investments were going forward.

Do we try to deputize somebody like, say, the port to take this on in a region, or is there another place where this responsibility should lie?

Mr. Ray Orb: I would say that there should be someone who has responsibility for all of that.

Yesterday, when we met with some of the MPs here in Ottawa, we discussed the western development strategy, which was actually a federal initiative for which the government had set aside a fund of money to get input from companies across the country that could focus on western economic development. That's why we made the statements we did today. We believe it has to be multi-faceted. We need to look at pipelines. We need to look at increasing the volume going through the grain corridors, but there needs to be someone who oversees all of this, I agree.

Mr. Ken Hardie: Thank you.

Mr. Broad, with respect to pilotage, I'm wondering if, in the pilotage review, we need a kind of one-size-fits-all response to the report versus something that perhaps looks at a broader range of issues. Specifically on the west coast, with all the issues surrounding pipelines and the safe movement of oil by water, I'm thinking whether, for the sake of public confidence, we ensure that the regime there might be different, that it might lean toward the current model, in which we have local pilots with local knowledge being in a better position to ensure safety, versus in other parts of Canada, where other allowances could be made for pilotage.

Mr. Michael Broad: That's a good question.

Pilotage is regional anyway. There are four authorities across the country: the west coast, the Great Lakes, the St. Lawrence River—

Mr. Ken Hardie: Do you agree with keeping them separate?

Mr. Michael Broad: No, I like the idea of, at least at the start, merging the GLPA and the LPA. I think that would be a good start.

Mr. Marc Grégoire submitted a report on pilotage to the minister. I think he had some 39 recommendations. We'd like to see all of those recommendations go through and the Pilotage Act amended. Pilotage is regional, yes, but for the west coast and the St. Lawrence, for instance, pilotage is basically overseen by the pilots themselves, private corporations with a monopoly on service and knowledge.

Now, if people are comfortable with that, having for-profit corporations being responsible for safety, having a monopoly on the service, and having a monopoly on the knowledge.... I don't agree with that. I think we need a change in the way pilotage is organized in Canada. Mr. Grégoire came up with some terrific recommendations, and I think that the report shouldn't be split up. The recommendations are there. The report was made with the idea of all of these recommendations going through.

● (0910)

The Chair: Thank you very much. I appreciate it.

We're running out of time here.

I've asked the clerk if she would get the report you referenced and circulate it for the information of the committee as well.

Mr. Aubin, go ahead.

[*Translation*]

Mr. Robert Aubin (Trois-Rivières, NDP): Thank you, Madam Chair.

I thank each of the witnesses for joining us this morning. I am happy to be able to benefit from their expertise.

I will begin with you, Mr. Broad. We will talk about the same topic—pilots—but I would like to first congratulate you on the clarity of your presentation, which does a very good job of indicating where your priorities lie. We will try to discover that together. I think there is consensus around this table on our need to acquire an icebreaker fleet worthy of the 21st century.

I want to come back to the issue of pilotage. You, as well as shipowners, often establish a link between pilotage and costs. So we are talking about the competitiveness of service. Costs excluded, do you recognize the necessity of services provided by Canadian pilots regarding all bodies of water?

[*English*]

Mr. Michael Broad: Absolutely.

[*Translation*]

Mr. Robert Aubin: Thank you.

In your opinion, the problem has to do with competitiveness. Pilotage costs would be higher than in other regions or countries. I have looked at Marc Grégoire's report. Last week, when we went on tour, we heard from pilot associations that submitted a report, which was completely forgotten in Mr. Grégoire's report. That report clearly shows that pilotage costs in Canada are not higher than in other countries. I don't want to get into that debate this morning, but I want to know whether you have a study that would help us make that comparison and see whether there is indeed an issue with pilotage costs.

[*English*]

Mr. Michael Broad: First, let me state that I think there's a problem with the efficiency of pilotage. Cost is one of the things included in efficiency, but there's also the service aspect.

Second, you're right that the cost of pilotage is pretty well the same all over the world, because pilots are organized as private cartels throughout the world.

When you think of the cost of pilotage and the safety, there's no doubt that pilotage services in Canada have been very safe over the past 25 years, but there are certainly areas for improvement. We can become more efficient on pilotage. I'm not just trying to focus on costs; I'm trying to focus on efficiency, the service to be provided. Because a pilot makes $500,000, is he safer than a pilot who earns $300,000? On the west coast, pilots can make $500,000, but in the river they make $400,000 and in the Great Lakes they make $300,000. Is it safer on the west coast? I don't think so.

[*Translation*]

Mr. Robert Aubin: I understand your approach. However, I am wondering whether, once a more competitive market is opened up to pilotage, safety may be jeopardized. The lower the pilotage costs, the more companies that compete amongst themselves may tend to take increased risks in order to moor more vessels and make faster traffic possible. The risk of incidents, which is currently non-existent—the safety record for pilotage associations is quite remarkable—could increase.

● (0915)

[*English*]

Mr. Michael Broad: We don't believe in competitive pilotage. We believe in a safe, efficient pilotage system.

Mr. Grégoire's report does not make any recommendations to have competitive pilotage. I know that the pilots themselves do not like one of the recommendations, which is to allow the pilotage authorities that oversee all of these pilots the option of hiring entrepreneurial pilots, like those on the west coast or the river, or employee pilots, like those in the Atlantic or the Great Lakes. The pilots are very concerned. They keep saying that if the authority has the option of hiring a contract pilot or an employee pilot, then there is going to be competition.

We disagree with that, because, for the last hundred years, the pilots have been saying that they're professionals. It's something like the medical system. In Canada, we have a public medical system, and we have a private system in some areas. The doctors get paid the same for doing the same thing. The private guys charge the add-ons, but there's no competition between them. You have trucking companies that have owner-operator drivers and employee drivers.

Mr. Grégoire's recommendations were well-thought-out. We don't agree with pilots competing for business, but safety is the number one thing because our ships are big, expensive machines. We appreciate the job that pilots do. I have always said that the pilots in Canada are some of the top pilots anywhere in the world, but there's room for efficiency.

[*Translation*]

Mr. Robert Aubin: Okay.

[*English*]

The Chair: Mr. Iacono, go ahead.

[*Translation*]

Mr. Angelo Iacono (Alfred-Pellan, Lib.): Thank you, Madam Chair.

I thank the witnesses for joining us this morning.

The Transportation 2030 strategic plan makes a commitment to improving information, data and analysis related to trade and transportation in the country.

Mr. Broad, what is the current state of data on marine transportation? What are its strength and weaknesses? How can we improve it?

[*English*]

Mr. Michael Broad: I think the ports have data on cargo, tonnage, number of ships, and those kinds of statistics. Transport Canada used to....

Karen, did they used to—

Ms. Karen Kancens: Statistics Canada used to publish an annual report on transportation with marine stats called "Shipping in Canada". The last year we saw that was 2011. Yes, there are statistics on a port basis, but there's no comprehensive source that pulls all of that together and gives us a good view of what's coming in which port, what's going out, what the volumes are, what the trends are, and how the numbers have changed over the years, not in general terms but in port-specific and commodity-specific terms.

That's another element of a transportation and trade corridor strategy, access to that kind of information. We simply don't have it now. We have to go to different sources and try to piece it together, but certainly we have no comprehensive source of information on the maritime side.

[*Translation*]

Mr. Angelo Iacono: What are the repercussions of the decision to stop publishing that document? Why are you asking that it be published again? Can you give us further details on that?

[*English*]

Ms. Karen Kancens: We have made the request on numerous occasions. Again, I think it's difficult to make good decisions when you don't have the evidence basis on which to make them. You need numbers to back up infrastructure investments and to back up dollars, and you need that broader view. You need to be able to compare regions, compare ports and see trends. As I said, we don't have that now. We don't have all the information that we need to make sound infrastructure investment decisions.

● (0920)

Mr. Angelo Iacono: Thank you.

Mr. Broad, you also mentioned something with respect to icebreaking challenges. Which months of the year are affected? You also said we need to create a concrete plan to renew the fleet. Can you elaborate on this, please?

Mr. Michael Broad: First of all, in the Arctic it's in the summer for resupply. For the St. Lawrence River, we're talking the end of November until the end of March. For the Great Lakes, of course, it's at opening, which is the end of March and at the end December. The season is pretty well from the end of November through the end of March.

What was the second part?

Mr. Angelo Iacono: You talked about a concrete plan to renew the fleet.

Mr. Michael Broad: Yes. I think the Coast Guard has been working on coming up with some ideas for the fleet, but there's never anything made public about it, so we don't get the feeling there's a commitment there to invest in the long term.

We have ships there for which I think the average age is 38 years. They are getting on. I think icebreaking is very important. We have to keep commerce moving, both through the lakes and on the St. Lawrence River. Indeed, we need icebreakers in Atlantic Canada, too.

We would like to see the Coast Guard come out publicly with a plan in which the government has agreed on what kinds of ships they are going to build and when those ships are going to be built.

Mr. Angelo Iacono: How many do you have presently?

Mr. Michael Broad: I think we have 12 or 13, but we have only a few medium-sized and heavy icebreakers right now—I think five or six. The number escapes me, sorry.

Mr. Angelo Iacono: Thank you.

[*Translation*]

Madam Chair, I would like to give the rest of my time to my colleague Mr. Sikand.

[*English*]

Mr. Gagan Sikand (Mississauga—Streetsville, Lib.): Thank you.

Thank you to our witnesses for being here.

I must apologize to you, Mr. Orb. I missed a portion of your initial comments. I was running a bit late.

To pick up on that point, I had an opportunity this summer to go with HMCS *Charlottetown* through Iqaluit to Greenland. The icebreaking capability came up a couple of times. We had some discussions on that.

I want your continued comments on whether we should have something in Resolute, and the type of icebreaker, because I know they were talking about nuclear capabilities, in terms of the source of power, and perhaps what we need to get to be comparable to nations similar to ours in the Arctic region.

Mr. Michael Broad: First of all, they are talking about building a polar icebreaker, which started at $700,000 or $1 million. It is now well over $1 billion, and it hasn't started to be built yet. To us, spending that huge amount of money on one vessel is.... I know that Canada wants to show sovereignty in the north, but having one ship, to me, doesn't really do the job.

I think that on the commercial side we're needy. We could spend the money better by building more regular icebreakers.

Unfortunately, Canada's shipbuilding policy prevents ships being built overseas, but you could build ships for half the price of building them in Canada.

Mr. Gagan Sikand: That is what I was about to ask next. What is the cost associated with a regular icebreaker?

Mr. Michael Broad: When you say "cost", what do you mean?

Mr. Gagan Sikand: In order to build it, because you said—

Mr. Michael Broad: To build it offshore, it would be maybe $450 million, and in Canada it would be at least $800 million.

Mr. Gagan Sikand: What would be an ideal size of fleet for Canada to have?

Mr. Michael Broad: That's a good question. I have that in my office.

I would say that if we can replace our medium-sized.... It's not necessarily just numbers; it's the age of these vessels. We have to renew them. So we'd like to see the present medium-sized icebreakers and the large icebreakers—

● (0925)

Mr. Gagan Sikand: Thank you. I'm out of time.

Could you please provide that information from your office?

Mr. Michael Broad: Absolutely.

Mr. Gagan Sikand: Thank you.

Mr. Michael Broad: Sorry, in fact we did submit a paper just on that subject, so I'll get it to you.

The Chair: Thank you.

Mr. Rogers, go ahead.

Mr. Churence Rogers (Bonavista—Burin—Trinity, Lib.): Thank you, Madam Chair.

Welcome to our witnesses.

Forgive me if I refer to Mr. Orb as Ray. We spent four years together as members of the Federation of Canadian Municipalities and we became good friends.

I have a couple of comments first, and then a couple of questions for Mr. Orb.

Regarding the comments around Bill C-69, it's my understanding that ditches and sloughs and such types of water are not considered navigable waters under Bill C-69. I remember that discussion, being a past member of the environment committee, so I just want to point that out.

I wonder if you could comment on the role of municipalities in trade and transportation logistics, and whether you think there is really a role for the municipalities in rural Saskatchewan. If so, how would you like to see the role of these municipalities incorporated into a national trade corridors strategy?

Mr. Ray Orb: Yes, that's an interesting comment. I think our interests in moving products.... It wouldn't matter what product it is; in our case, it's potash or grain products. We need to be at the table with the federal government when we're talking about federal infrastructure programs.

A good example is the new investing in Canada program. As part of FCM, through the rural forum at FCM, we've been pressing FCM and pressing the federal government to make sure that there is a rural infrastructure component. The federal government agreed and said that, yes, there will be a federal infrastructure component and it will contribute 60% into the funding of that.

A major part of that, for us, is that the primary weight corridors I mentioned are where our grain gets to market.

Unfortunately, beyond that we don't have much input. By the time it gets to a port.... In our case, the majority of our grain goes to the Asia-Pacific region, so that's the port of Vancouver. Beyond that we don't have any control of that. That's our side of it.

Mr. Churence Rogers: What part do roads play in rural Saskatchewan, in terms of transportation? Are your roads and the road structure adequate?

Mr. Ray Orb: No, our roads and our bridges, in particular.... We have a lot of bridges in rural Saskatchewan, and we're actually doing a study on that right now. We are in a state of disrepair as far as the bridges go. Of course, you know that if you don't have a good bridge system, you don't have reliable roads because you can't use the roads.

We direly need an injection of funding. Yesterday, Saskatchewan finally signed a bilateral agreement. We were the last province in the country to sign on because of the fact that they are looking at moving out of transit the money that the cities weren't able to use. We're hoping that some of that is available for the rural component.

Mr. Churence Rogers: Okay. Thank you very much.

Mr. Broad, I remember meeting with the Atlantic pilotage group, and they expressed major concerns about where there may be changes to the act in terms of perhaps suggesting increasing costs for pilotage in Atlantic Canada. They pointed out to us that they have a great safety record, an impeccable safety record. Their major concern seems to be that if we make changes and go to a uniform system across the country, we'll see major cost increases for shipping in Atlantic Canada.

How accurate is that?

Mr. Michael Broad: Well, you know, it's interesting. If you had been with those same people five years ago, they would have been clamouring for change. But the APA appointed a new president, a fellow by the name Sean Griffiths, and he's cleaned things up pretty well.

All of that is to say that the Grégoire report does not say to consolidate all the piloting across Canada. It suggests they consolidate the St. Lawrence River and the Great Lakes pilotage, but the other pilotage authorities would remain the same. In fact, in some of the recommendations he even says, listen, if the pilotage authorities want to do this, they can make a choice; they have the option. If the Grégoire report is implemented, you're not going to see consolidation of pilotage authorities across Canada. If the pilotage authorities want to stay separate, they can.

● (0930)

Mr. Churence Rogers: I appreciate that information.

I want to get to this question. When we talk about Canada's shipping infrastructure and keeping up with the changes that are going on in the industry, such as increasing the size of ships, increasing volumes of traffic and so on, what would you like to see come out of the ports modernization review?

Mr. Michael Broad: Karen, do you want to answer that?

Ms. Karen Kancens: Sure.

I hate to keep going back to the same point, but I think we need that national overview. We need that strategy so that we can look at ports—at the role they play in the economy, at the role they play on a national basis and for their local communities and populations. In terms of our approach to the ports review, you can look at it on a port-by-port basis, or you can look at the changes you need to governance in the Canada Marine Act. Again, we need to look at it from a broader perspective.

The Chair: Thank you very much.

This is a short round, Mr. Liepert.

Mr. Ron Liepert (Calgary Signal Hill, CPC): Thank you, Madam Chair.

Good morning, everyone.

Our colleague Kelly represents Saskatchewan. Rightfully so, she directed her questions to Mr. Orb. Matt and I represent a couple of Alberta constituencies, so I want to talk a bit about oil and the safety of shipping oil on our waterways.

As was mentioned by a colleague here, we were in Vancouver last week. Each time we asked, whether on our port tour or in presentations, about the safety of shipping oil by tanker, every answer was the same: There are no safety concerns by the shipping industry.

That was Vancouver. I'm more interested in shipping oil out of the northern ports. We all know that Bill C-48 was introduced to meet a campaign commitment that was made on the back of a napkin. I'd just like to get some comment on this from you. We have a government that talks about making decisions based on science and statistics.

To the Shipping Federation, do you have any statistics or do you know of any statistics that would support the tanker ban off the west coast?

Mr. Michael Broad: None. In fact, if you look at the east coast, there's been a lot of tanker activity in the last number of years. If you look at Placentia Bay, and Quebec and Montreal and even the lakes, there's some tanker business. That's been going on for a long time and without incident.

I might also say that in 2016 or 2017, the administrator of the ship-source oil pollution fund issued a report showing the number of oil spills in the last 10 years. There were no oil spills by any foreign-flag ship. Most of the oil spills in Canada are from derelict vessels, abandoned vessels and that kind of thing.

Mr. Ron Liepert: You would probably agree with us, then, that this was a decision that was not made based on any kind of statistical data or science. It was a decision that was made to meet a campaign promise that was made fleetingly on an airplane somewhere over northern British Columbia.

Mr. Michael Broad: I'd agree with the first part of that.

Voices: Oh, oh!

Mr. Ron Liepert: I think the second part is agreeable, too.

I don't have any more questions, Madam Chair.

The Chair: Thank you, Mr. Liepert.

We'll go on to Mr. Graham for three minutes.

Mr. David de Burgh Graham (Laurentides—Labelle, Lib.): Mr. Orb, you represent the Saskatchewan Association of Rural Municipalities. These municipalities, I assume, charge taxes. How often do these municipalities go around to the residents and collect garbage and recycling?

Mr. Ray Orb: Several of the rural municipalities are. Actually, there are disposal companies that most of them hire, and they haul the garbage and do the recycling as well. Saskatchewan right now is working on its waste management strategy.

● (0935)

Mr. David de Burgh Graham: If we didn't do that, what would be happening?

Mr. Ray Orb: We would have a lot of garbage piling up.

Mr. David de Burgh Graham: We could call this garbage pollution, could we not?

Mr. Ray Orb: Pardon me?

Mr. David de Burgh Graham: We could call this garbage pollution.

Mr. Ray Orb: I suppose we could.

Mr. David de Burgh Graham: Could I assume, then, that the Saskatchewan Association of Rural Municipalities supports a price on pollution?

Mr. Ray Orb: A price on pollution...? No, we don't.

Mr. David de Burgh Graham: No? Well, then, you allow your garbage to go free.

Mr. Ray Orb: Obviously, that's not fair. You probably need to read the climate change action plan that Saskatchewan has. They actually have a way to mitigate greenhouse gases. I know it's up for debate, but there is a plan there.

Mr. David de Burgh Graham: Okay.

The Chair: Go ahead, Mr. Hardie.

Mr. Ken Hardie: On that happy note, moving right along, I wanted to talk a bit about MCTS, because that was the focus of a very early study by the fisheries committee, where I also sit. Some of us were not necessarily on side with the government's decision to close the Comox base. I'm wondering, Mr. Broad, from your constituency's perspective, whether you find the existing MCTS services reliable.

Mr. Michael Broad: I think they're reliable, yes, but there's so much more we could do with that system. With the information that the....

Mr. Ken Hardie: Okay, fair enough.

Mr. Orb, this issue came up when you were with us before. It's come up again in this current study. It's about the health of our short lines. I know that the Saskatchewan short lines were particularly helpful in terms of illustrating what the situation is. Where do they fit in the grand scheme of things, in that whole pipeline of trade—pardon the expression; it's for Ron's benefit—that goes out to the coast?

How important are they, and how much of a weak link do you think they might be?

Mr. Ray Orb: That's a good question. We've actually been working with the short line association and we have demonstrated that by taking several trucks off our highways and road systems and putting it on a rail car, we're actually reducing greenhouse gas emissions. We should actually be credited for that. We're hoping that the federal government takes it into account when they finally realize that this carbon tax is actually wrong.

I just wanted to mention that the short lines in Saskatchewan are an integral part of moving grain. We have more short-line railroads in Saskatchewan than there are in the rest of the country. They provide a valuable service. They often don't get good service, so we're looking at this legislation. Even though the short lines are regulated in Saskatchewan, we're hoping that the new Bill C-49 actually takes into account the carriers and makes them more accountable, because in the end it's mostly CP Rail that picks up the cars and takes them away.

The Chair: Thank you very much, Mr. Orb.

We'll go on to Mr. Jeneroux.

Mr. Matt Jeneroux (Edmonton Riverbend, CPC): Thank you, Madam Chair.

Thank you, witnesses, for spending the time with us this morning.

Madam Chair, I believe that probably both sides of the table have gotten a lot out of the witnesses here today. Again, I really think that there are some good witnesses with whom I would like to continue to stay in touch as the study progresses.

However, this time I'd like to move a motion. I put a number of motions on notice prior to this committee, and I'd like to move one of those motions.

I'll read it for the record. I move that the committee invite the Parliamentary Budget Officer to provide an update on his report on phase 1 of the investing in Canada plan.

I understand that everybody has a copy of the motion. Would you like me to pause before I continue, Chair?

The Chair: Mr. Jeneroux, can I suggest that we complete our next few minutes with our witnesses, if it's all right with you?

I'll suspend for a minute so we can deal with your motion, and when we've completed dealing with your motion we'll go into committee business. You've moved the motion. We could just hold it until we complete, if that's all right, and then we will deal with it.

Mr. Matt Jeneroux: I'm open to the suggestion, Madam Chair, with the exception of ensuring that we still remain in public.

The Chair: Yes.

Mr. Matt Jeneroux: Thank you.

The Chair: Are there any other comments on this?

Some hon. members: No.

The Chair: Mr. Aubin, go ahead.

● (0940)

[*Translation*]

Mr. Robert Aubin: Thank you, Madam Chair.

My next question is for Mr. Orb.

I am a member from Quebec. I admit that my bank of images on Saskatchewan is pretty limited. That is a gap to be filled. Your description of trucking operations in Saskatchewan in your presentation really impressed me. I would like to know whether the importance of trucking services in Saskatchewan is directly related to the railway system's inability to meet the demand or whether both the railway system and the trucking system are experiencing exponential growth.

[*English*]

Mr. Ray Orb: It's a good question. I think the two industries should work in parallel, but I don't believe they actually do. I think that in a lot of cases, because of what's happened over the last number of years, railways have not proven that they're reliable. Particularly last year, Canadian National had a terrible record moving grain, and they promised to never let that happen again. It's the same old story. A lot of the slack was picked up by CP Rail, in the southern part of Saskatchewan at least. It forced farmers who farm in the northern part of the greenbelt in Saskatchewan to haul their grain by truck to the southern delivery points so it could be shipped out by CP Rail.

I don't believe there is really a correlation. I know that, obviously, some of the grain companies have contracts with trucking companies to move the grain, but it's not really organized very well.

[*Translation*]

Mr. Robert Aubin: Thank you.

I asked that question because it seems obvious to me, in this study on trade corridors aimed at increasing trade possibilities, that our greenhouse gas production will also increase. I was wondering how we could align the desired trade growth with a reduction in greenhouse gases.

Have any of the trucks in your fleet gone from oil to liquified gas? Is any work being done in that direction? In other words, is there a concern for reducing greenhouse gases?

[*English*]

Mr. Ray Orb: To the credit of the trucking industry.... I can only tell you what has been done in Saskatchewan, but most likely it has been done across the country. The truck engines on the semi-trailers are more efficient than they used to be. They're reducing greenhouse gas emissions. They're making themselves more efficient, but it's still not as efficient as moving grain by rail, because they have such higher volumes and obviously there's no infrastructure damage. The rail is already there, although they still have to do repairs, but you're not looking at making repairs on roads and bridges using other equipment that creates greenhouse gas emissions. I think more needs to be done looking at that, but still the efficiency needs to be done by the railways.

In part of my submission, I mentioned increased data. The railways have promised to give more reliable, timely data to the shippers. I think that's starting to happen.

[*Translation*]

Mr. Robert Aubin: What is the federal government's responsibility in terms of improving the country's railway system?

[*English*]

Mr. Ray Orb: I think there was more funding for railways at one time. We used to put in funding, especially into rehabilitating some of the branch lines. The railways now have become very efficient, to the point where they're using the major shipping points where they can load large railcars, but the federal government still has to realize that we have lots of branch lines that need extra funding, and some of the short-line railways also need some federal assistance.

[*Translation*]

Mr. Robert Aubin: Thank you.

[*English*]

The Chair: We have a couple of minutes left. Do any of the committee members have any particular question they'd like to get answered?

Mr. Hardie, go ahead.

Mr. Ken Hardie: Mr. Orb, I've always appreciated Mr. Liepert's questions about oil movements, because I think they build on the narrative that we need to explore. I took your point about the competition that exists between grain movements and oil movements by rail off the prairies. I'm wondering to what degree you are aware of any dialogue going on province to province, or particularly indigenous groups to indigenous groups, between Saskatchewan and British Columbia, to try to square some of the issues that are quite evident on the coast.

● (0945)

Mr. Ray Orb: Those kinds of conversations I'm not actually aware of.

We work with indigenous groups in our own province. I can tell you that when we meet through the Federation of Canadian Municipalities, unfortunately there aren't indigenous people at those meetings. We talk with provincial organizations across the country.

We had a good discussion a couple of weeks ago in Nova Scotia about energy east and the possibility of re-evaluating that. The Ontario municipalities association is especially interested in that because of the sheer increase in the volume of railcars carrying oil. It's becoming quite a safety issue. It's a traffic issue as well, because it holds up traffic.

I believe the same thing is happening in Vancouver. There's a lot of oil moving by railcar.

We need to look at different ways of moving that oil. It would help not only the western economy but the eastern economy in Canada. We have a refinery there that needs the oil and such. We're using Saudi oil right now in that refinery.

We believe it can create jobs and help increase safety as well.

Mr. Ken Hardie: Thank you.

Mr. Broad, I have one quick question for you.

An issue that came up when we were visiting metro Vancouver was the moorage taking place in the Gulf Islands. Is this a flow/efficiency issue with the ports in Vancouver, or is it just a function of the fact that we're getting more and more ship movements with trade?

Mr. Michael Broad: I think it's the former, mostly because of efficiency, but certainly the amount of cargo has increased. You have ships sitting there for lengthy times waiting for cargo.

Mr. Ken Hardie: Where is the weak link?

Mr. Michael Broad: I always say that with marine transportation there are a lot of players. We have the truckers, the railways, the terminal operators, the grain elevators, the ports, the ships and the longshoremen. There are a lot of players there, so it's difficult to nail it down.

When the grain comes in, and there's a lot of it.... I think it's a combination of a number of things and a number of players. It's about getting those people together to try to solve the problems.

The Chair: All right.

Thank you very much.

Mr. Michael Broad: Madam Chair, I have an answer for Mr. Sikand on the icebreakers.

The Chair: Go ahead, please.

Mr. Michael Broad: There are 15 icebreakers: two heavy icebreakers—one of them, *Louis S. St-Laurent*, is 49 years old—four medium icebreakers, and nine light icebreakers, which are multi-task and don't work well in heavy ice.

The Chair: Thank you very much.

Thank you to our witnesses. It was nice to see you again, Mr. Orb.

I'm going to excuse the witnesses from the table at this time. Let's give our witnesses a second to exit the table.

We'll go on to Mr. Jeneroux directly to deal with his motion. Mr. Jeneroux, would you like to move the motion or speak to it?

Mr. Matt Jeneroux: Yes. I believe I've already moved it.

Thank you, Madam Chair, for allowing the time. I want to make sure, in full transparency, that we have the chance to talk about these things in public. Thank you for arranging that we get some time to do that.

Again, I'll quickly read the motion so everyone is aware of what we're looking at. I move that the committee invite the Parliamentary Budget Officer to provide an update on his report on phase 1 of the investing in Canada plan.

Being new on this committee, I have been spending a lot of time going through previous meetings and doing my best to catch up. I'm certainly enjoying this current study we're looking at.

However, it was a surprise that we haven't had the Parliamentary Budget Officer before us in this capacity, in terms of looking at the investing in Canada plan, phase 1, which is $180 billion. Probably to the disappointment of the government members, he was quite critical on phase 1 in his report. Knowing that obviously phase 2 is coming, I think it's probably prudent to bring him in front of us before any of that happens again. I think it would be an opportunity for us to question him. Perhaps a study will come out of that, or perhaps it won't, but I think providing the opportunity to have him in front of us would be good, before we head into that second phase of the plan.

● (0950)

The Chair: Thank you.

Mr. Hardie, go ahead.

Mr. Ken Hardie: I think the Parliamentary Budget Officer will have some useful things to say. The government itself, certainly the Prime Minister in his most recent updates to mandate letters, indicated that there was a large interest in seeing the system streamlined because the dollars don't do any good sitting here in Ottawa. They have to be on the street doing what they're meant to do.

Mr. Jeneroux, with respect to your motion, I suggest an amendment that hopefully will be friendly, so that we can add it to your motion: that the chair be empowered to coordinate the necessary witnesses, resources and scheduling to complete this task.

That is pretty much a boilerplate thing, just to make sure that all the details are looked after.

The Chair: Mr. Jeneroux, did you want to speak to it again?

Mr. Matt Jeneroux: I would just put on the record that I absolutely accept the friendly amendment put forth by Mr. Hardie.

The Chair: Are there any further comments?

(Amendment agreed to)

(Motion as amended agreed to [See Minutes of Proceedings])

The Chair: Thank you. That's done.

We will now go in camera for a short session.

[*Proceedings continue in camera*]

Published under the authority of the Speaker of the House of Commons

SPEAKER'S PERMISSION

The proceedings of the House of Commons and its Committees are hereby made available to provide greater public access. The parliamentary privilege of the House of Commons to control the publication and broadcast of the proceedings of the House of Commons and its Committees is nonetheless reserved. All copyrights therein are also reserved.

Reproduction of the proceedings of the House of Commons and its Committees, in whole or in part and in any medium, is hereby permitted provided that the reproduction is accurate and is not presented as official. This permission does not extend to reproduction, distribution or use for commercial purpose of financial gain. Reproduction or use outside this permission or without authorization may be treated as copyright infringement in accordance with the *Copyright Act*. Authorization may be obtained on written application to the Office of the Speaker of the House of Commons.

Reproduction in accordance with this permission does not constitute publication under the authority of the House of Commons. The absolute privilege that applies to the proceedings of the House of Commons does not extend to these permitted reproductions. Where a reproduction includes briefs to a Committee of the House of Commons, authorization for reproduction may be required from the authors in accordance with the *Copyright Act*.

Nothing in this permission abrogates or derogates from the privileges, powers, immunities and rights of the House of Commons and its Committees. For greater certainty, this permission does not affect the prohibition against impeaching or questioning the proceedings of the House of Commons in courts or otherwise. The House of Commons retains the right and privilege to find users in contempt of Parliament if a reproduction or use is not in accordance with this permission.

Also available on the House of Commons website at the following address: http://www.ourcommons.ca

Publié en conformité de l'autorité du Président de la Chambre des communes

PERMISSION DU PRÉSIDENT

Les délibérations de la Chambre des communes et de ses comités sont mises à la disposition du public pour mieux le renseigner. La Chambre conserve néanmoins son privilège parlementaire de contrôler la publication et la diffusion des délibérations et elle possède tous les droits d'auteur sur celles-ci.

Il est permis de reproduire les délibérations de la Chambre et de ses comités, en tout ou en partie, sur n'importe quel support, pourvu que la reproduction soit exacte et qu'elle ne soit pas présentée comme version officielle. Il n'est toutefois pas permis de reproduire, de distribuer ou d'utiliser les délibérations à des fins commerciales visant la réalisation d'un profit financier. Toute reproduction ou utilisation non permise ou non formellement autorisée peut être considérée comme une violation du droit d'auteur aux termes de la *Loi sur le droit d'auteur*. Une autorisation formelle peut être obtenue sur présentation d'une demande écrite au Bureau du Président de la Chambre.

La reproduction conforme à la présente permission ne constitue pas une publication sous l'autorité de la Chambre. Le privilège absolu qui s'applique aux délibérations de la Chambre ne s'étend pas aux reproductions permises. Lorsqu'une reproduction comprend des mémoires présentés à un comité de la Chambre, il peut être nécessaire d'obtenir de leurs auteurs l'autorisation de les reproduire, conformément à la *Loi sur le droit d'auteur*.

La présente permission ne porte pas atteinte aux privilèges, pouvoirs, immunités et droits de la Chambre et de ses comités. Il est entendu que cette permission ne touche pas l'interdiction de contester ou de mettre en cause les délibérations de la Chambre devant les tribunaux ou autrement. La Chambre conserve le droit et le privilège de déclarer l'utilisateur coupable d'outrage au Parlement lorsque la reproduction ou l'utilisation n'est pas conforme à la présente permission.

Aussi disponible sur le site Web de la Chambre des communes à l'adresse suivante : http://www.noscommunes.ca